

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 1470-01
BILL NO.: HB 653
SUBJECT: Employment Security Benefits
TYPE: Original
DATE: February 23, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None *	\$0*	\$0*	\$0*
Total Estimated Net Effect on <u>All</u> Federal Funds *	\$0*	\$0*	\$0*

***DOES NOT REFLECT POTENTIAL LOSS OF FEDERAL ADMINISTRATIVE
GRANTS DUE TO POSSIBLE NONCOMPLIANCE WITH FEDERAL LAW.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Personnel** and the **Department of Economic Development - Division of Workforce Development** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Department of Labor and Industrial Relations** (DOL) assume the proposal may not conform with Federal law. If Missouri's Employment Security Law is determined to be out of conformity with Federal standards, the consequence could be a loss of certification for FUTA (Federal Unemployment Tax Act) credits. A loss of certification would cause (1) all contributing Missouri employers to lose as much as \$997 million annually in FUTA credits and (2) the Division of Employment Security to lose approximately \$40 million annually in administrative funds.

DOL officials noted that this proposal does not conform to the Federal "withdrawal standards". It requires all claimants to agree to take a drug test to be eligible for benefits. The required agreement is a condition unrelated to the fact or cause of the individual's unemployment.

Oversight assumes that any loss of federal funds would depend upon determination of noncompliance by the U.S. Department of Labor and the imposition of sanctions by the U.S. Department of Labor. The likelihood of such sanctions would be speculative. For fiscal note purposes, no impact to federal funds is reflected.

	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>FISCAL IMPACT - State Government</u>			
	\$0	\$0	\$0

	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>FISCAL IMPACT - Local Government</u>			
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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No direct fiscal impact to small businesses would be expected as a result of this proposal, depending upon conformity with federal law and any sanctions imposed by the U.S. Department of Labor.

DESCRIPTION

This bill requires persons to agree to submit to chemical tests for illegal use of controlled substances prior to being considered eligible for unemployment benefits.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development - Division of Workforce Development
Department of Labor and Industrial Relations
Office of Administration - Division of Personnel

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "Jarrett".

Jeanne Jarrett, CPA
Director

February 23, 2001